



Proposed Outline for Tax Increment Grant (T.I.G.) Policy Revisions

Economic Development & Global
Competitiveness Committee

January 12, 2017



Presentation Overview

- History of T.I.G. Policy and Implementation
- How T.I.G.'s Work
- Examples of T.I.G.'s
- Policy and Financing Considerations
- Process Steps and Anticipated Timeline



History

- Policy Adopted by City Council in November 2007
- 13 T.I.G. Projects
- \$908M in public investment or commitments has leveraged \$3.6B in private investment or commitments
- Public parking, infrastructure and roads



How They Work

Financing:

- Reimbursement basis only (City/County payments are not made until property taxes are paid by private sector).
- Private sector guarantees are pledged in the form of a Development Agreement.
- A "But For" test will be applied.
- City's financial participation allows reservation of right to influence type and form of project in partnership with private developer.
- City priorities and policy goals must be satisfied.
- Cannot exceed 3% of annual property tax levy; currently at under 2% in FY17



How They Work

Grant Categories:

- Infrastructure Investment (often used)
 - The building or financing of new public infrastructure such as roads, streetscapes and parking decks that induces development that would not otherwise occur.
- Public Asset Purchase (seldom used)
 - The building or financing of new public buildings or feature that become a specific asset to the City
- Economic Development Grants (seldom used)
 - the provision of gap funding for economic development projects in Business Corridors and strategic plan geographies that add value to the city and generate growth that would not otherwise occur.



Examples

Ballantyne/North Community House (based upon unknown future development)

- Infrastructure improvement to the Ballantyne area by the Bissell Companies.
- \$11 million grant from 45% of both City and County property tax increment, repaid over 15 years.
- Road improvements to John J. Delaney Drive.
- Intersection improvements to US 521 and North Community House Road at Ballantyne Commons Parkway.
- Extension of North Community House Road over I-485.



Examples

Charlotte Premium Outlet Center (Tanger)

- \$100 million Tanger Outlet Mall in SW Charlotte aided by infrastructure improvements to Steele Creek Road (Hwy-160)
- \$6.15 million (45% City/County Tax Increment Grant) paid over ten years.
- Charlotte Premier Outlet Center: 445,000 SF of retail on 82 acres at Hwy-160 (Steele Creek Road) and I-485.
- Accompanying retail/hotel development: 80,000 SF of retail and 120-room hotel.



Examples





Examples

First Ward Park (gap financing)

- \$700 million mixed-use development on 8 ½ blocks of land in First Ward made possible by three City agreements.
- \$35M total in public funding through three separate grants.
- Office, residential, retail, a hotel, and a Center City park.



Examples





Policy Considerations

- MWSBE - (e.g. - what provisions can be made in agreements to ensure Good Faith Efforts to increase contracting?)
- Affordable Housing- (e.g. - what language provisions should be inserted to ensure affordable housing units or contributions to the Housing Trust Fund when appropriate?)
- Workforce Development – (e.g. - how can we ensure recruitment from a local inventory of pre-screened talent and reporting on outcomes?) (NO MANDATES)



Other Considerations

- Economics of project – an overview of the various financing dynamics related to the private developments associated with T.I.G.'s.
- Community goals and economic development priorities (e.g. – focus area plans, community action agenda, etc.)



Process Steps and Anticipated Timeline

- County Engagement (January-February 2017)
- Developer Engagement (February 2017)
- Presentation of Draft Policy Revisions (March 2017)